



National and Maryland Economic Outlook

Sandy Spring Bank Briefing
May 28, 2014



R. Andrew Bauer
Senior Regional Economist

What to expect in 2014 ...

What to expect in 2014...

- Moderate economic growth in the US and Maryland

What to expect in 2014...

- Moderate economic growth in the US and Maryland
 - Consumer spending to pick up as labor markets improve

What to expect in 2014...

- Moderate economic growth in the US and Maryland
 - Consumer spending to pick up as labor markets improve
 - Opportunities for growth and expansion will continue to drive business investment—but likely to be modest

What to expect in 2014...

- Moderate economic growth in the US and Maryland
 - Consumer spending to pick up as labor markets improve
 - Opportunities for growth and expansion will continue to drive business investment—but likely to be modest
 - Cuts to federal spending less of a factor restraining growth in 2014 overall but will continue to impact Maryland

What to expect in 2014...

- Moderate economic growth in the US and Maryland
 - Consumer spending to pick up as labor markets improve
 - Opportunities for growth and expansion will continue to drive business investment—but likely to be modest
 - Cuts to federal spending less of a factor restraining growth in 2014 overall but will continue to impact Maryland
 - Housing sector recovery to continue

What to expect in 2014...

- Moderate economic growth in the US and Maryland
 - Consumer spending to pick up as labor markets improve
 - Opportunities for growth and expansion will continue to drive business investment—but likely to be modest
 - Cuts to federal spending less of a factor restraining growth in 2014 overall but will continue to impact Maryland
 - Housing sector recovery to continue
- Uncertainty still an impediment to stronger growth
 - US policy changes and regulatory uncertainty

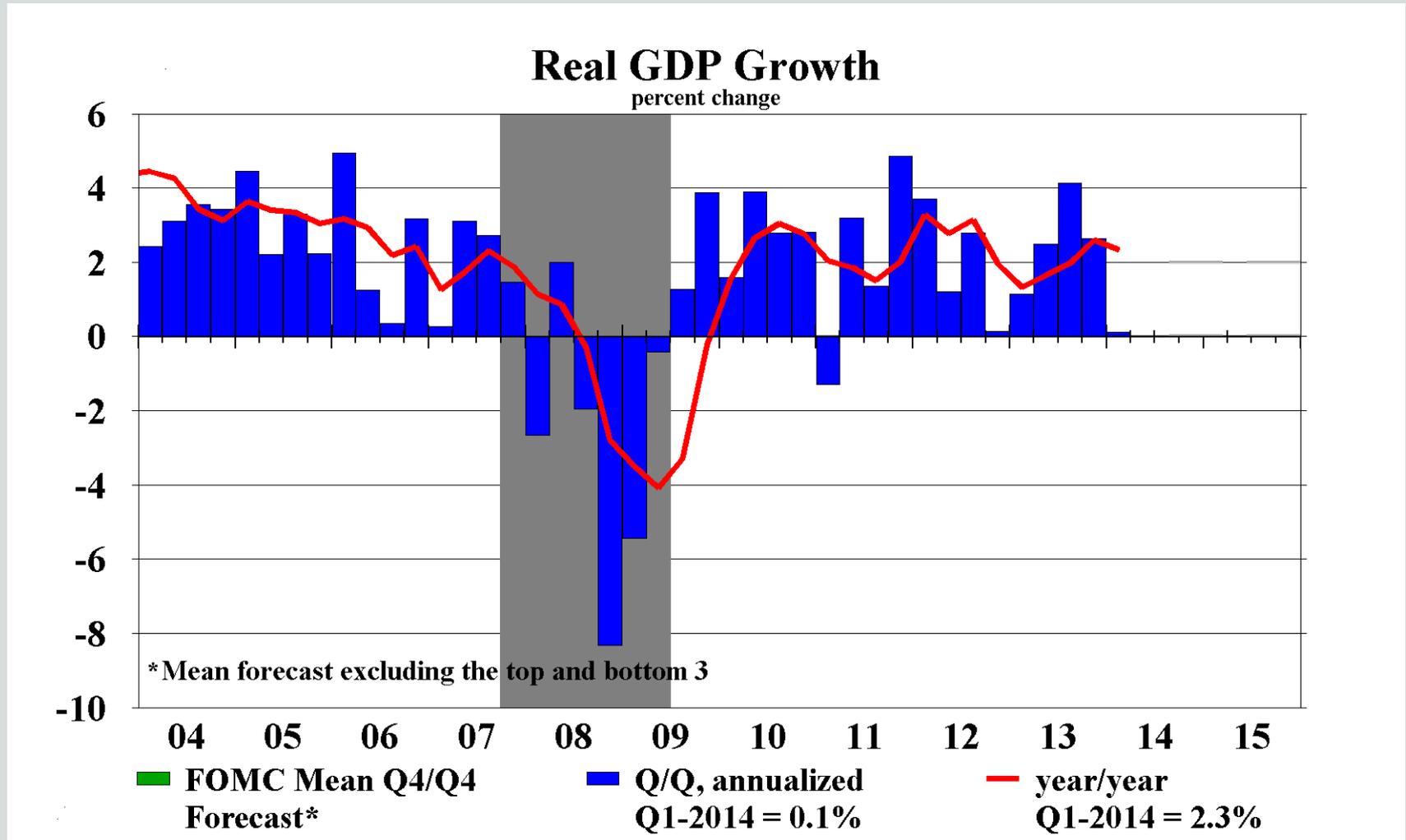
What to expect in 2014...

- Moderate economic growth in the US and Maryland
 - Consumer spending to pick up as labor markets improve
 - Opportunities for growth and expansion will continue to drive business investment—but likely to be modest
 - Cuts to federal spending less of a factor restraining growth in 2014 overall but will continue to impact Maryland
 - Housing sector recovery to continue
- Uncertainty still an impediment to stronger growth
 - US policy changes and regulatory uncertainty
 - Slower growth abroad

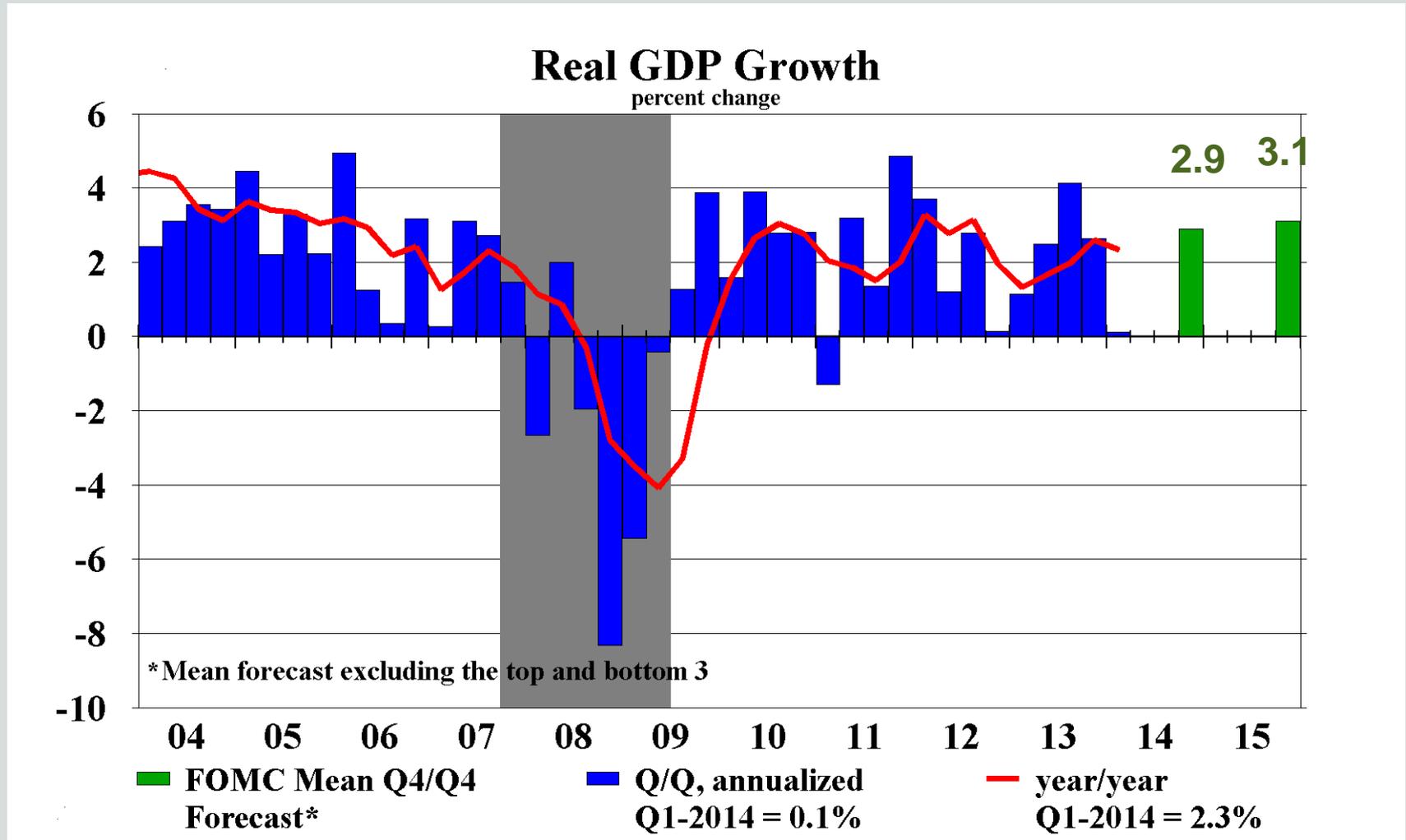
What to expect in 2014...

- Moderate economic growth in the US and Maryland
 - Consumer spending to pick up as labor markets improve
 - Opportunities for growth and expansion will continue to drive business investment—but likely to be modest
 - Cuts to federal spending less of a factor restraining growth in 2014 overall but will continue to impact Maryland
 - Housing sector recovery to continue
- Uncertainty still an impediment to stronger growth
 - US policy changes and regulatory uncertainty
 - Slower growth abroad
- Inflation is expected to remain low

FOMC anticipates moderate increase in growth



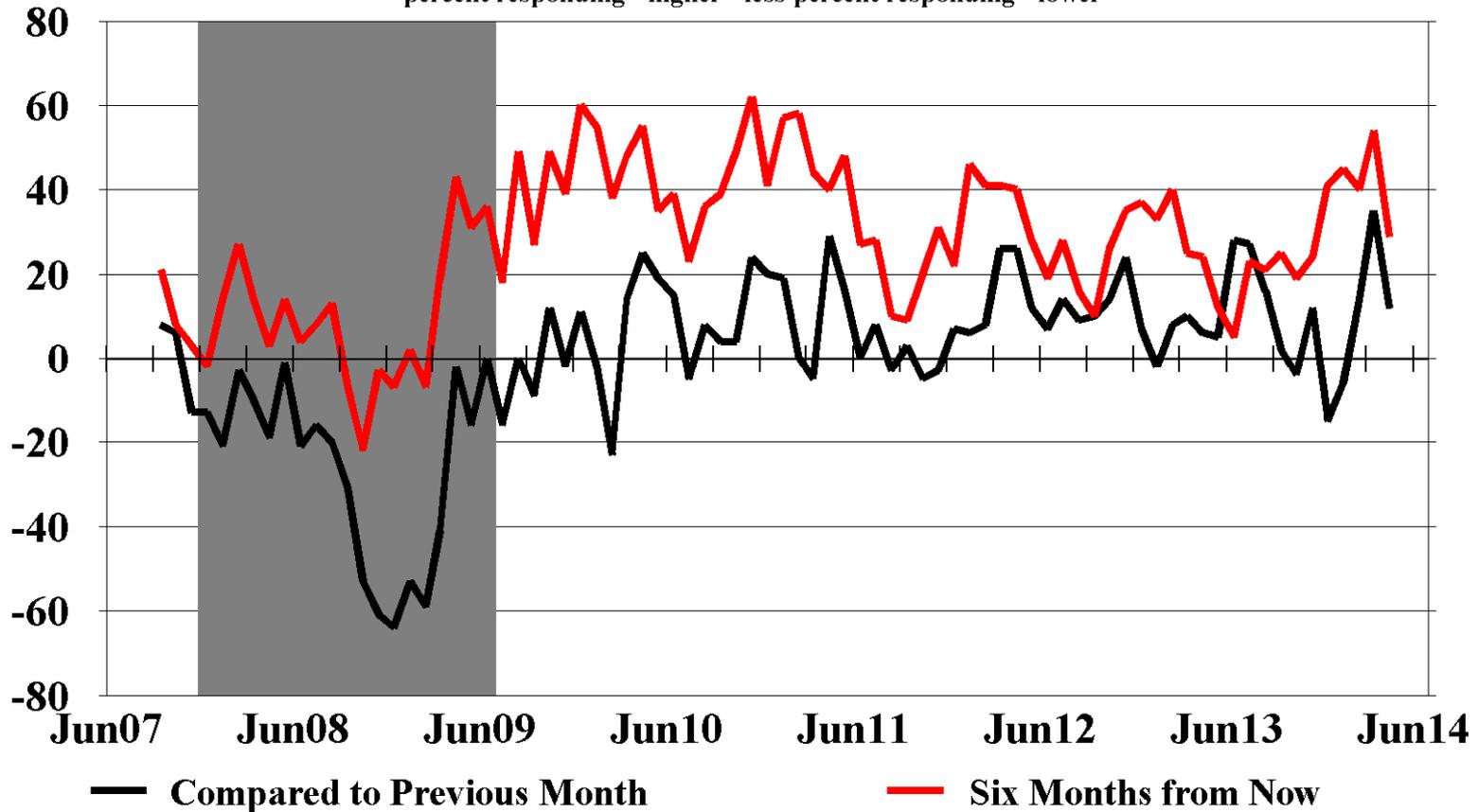
FOMC anticipates moderate increase in growth



Surveys indicate moderate growth

Maryland Business Activity Index

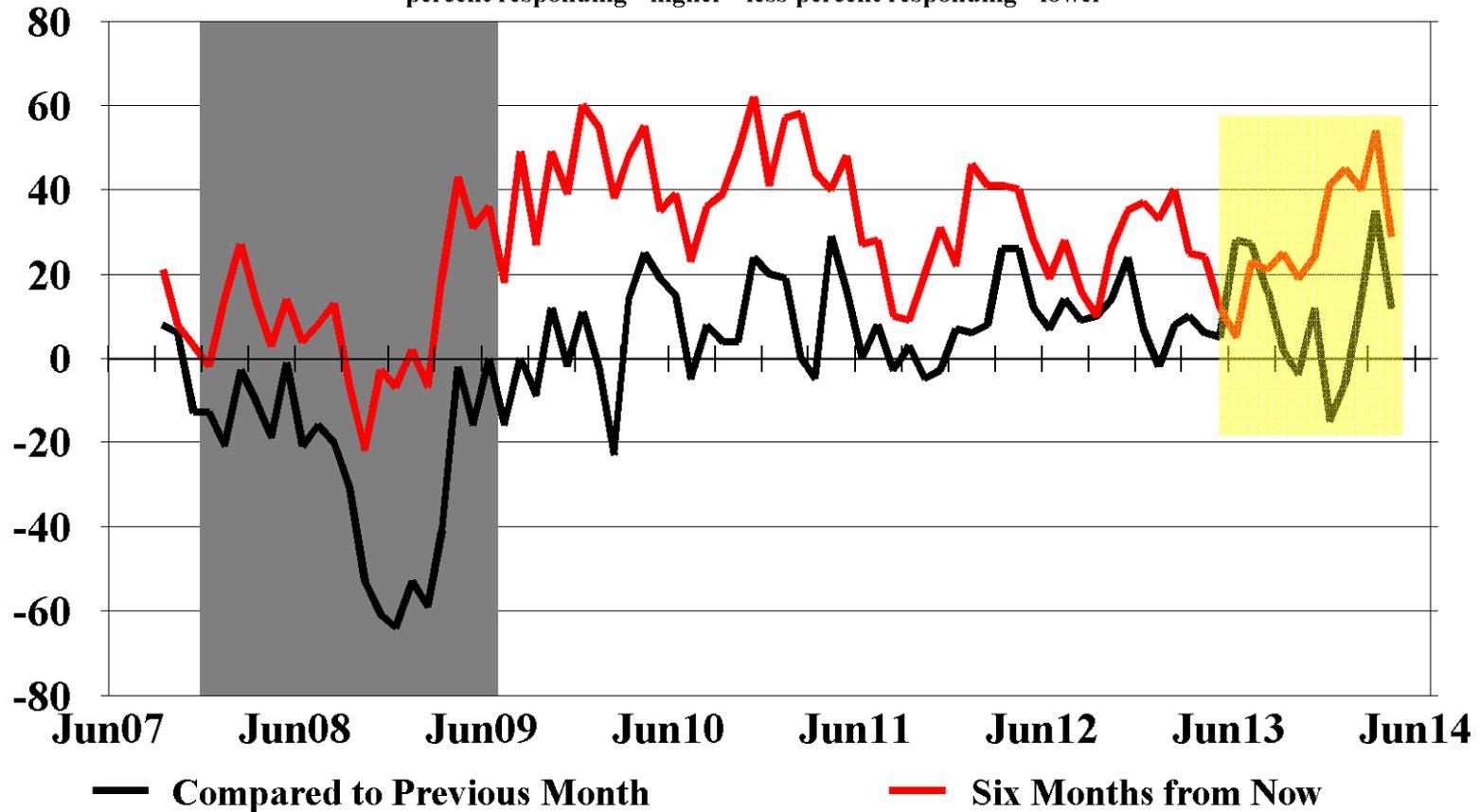
percent responding "higher" less percent responding "lower"



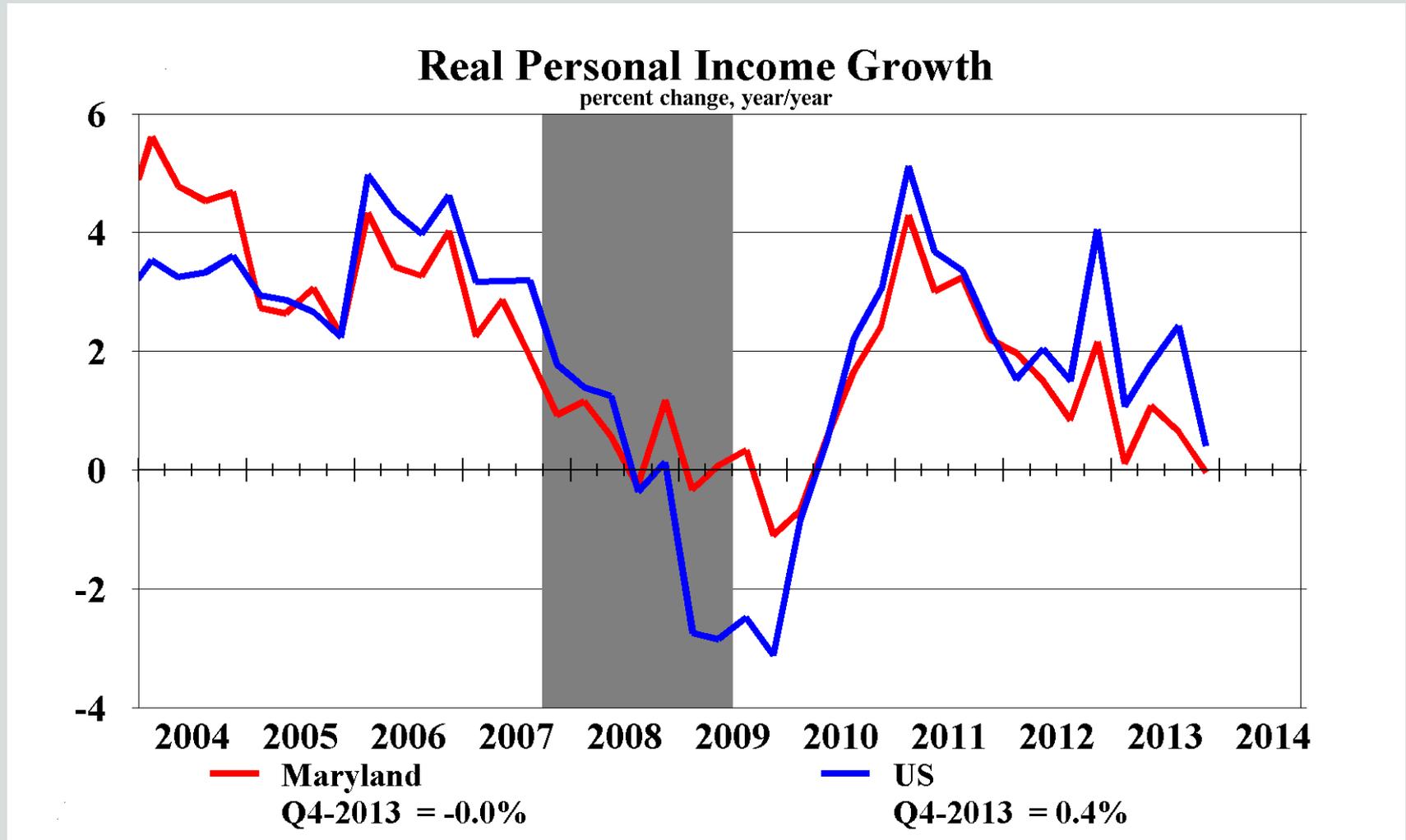
Surveys indicate moderate growth

Maryland Business Activity Index

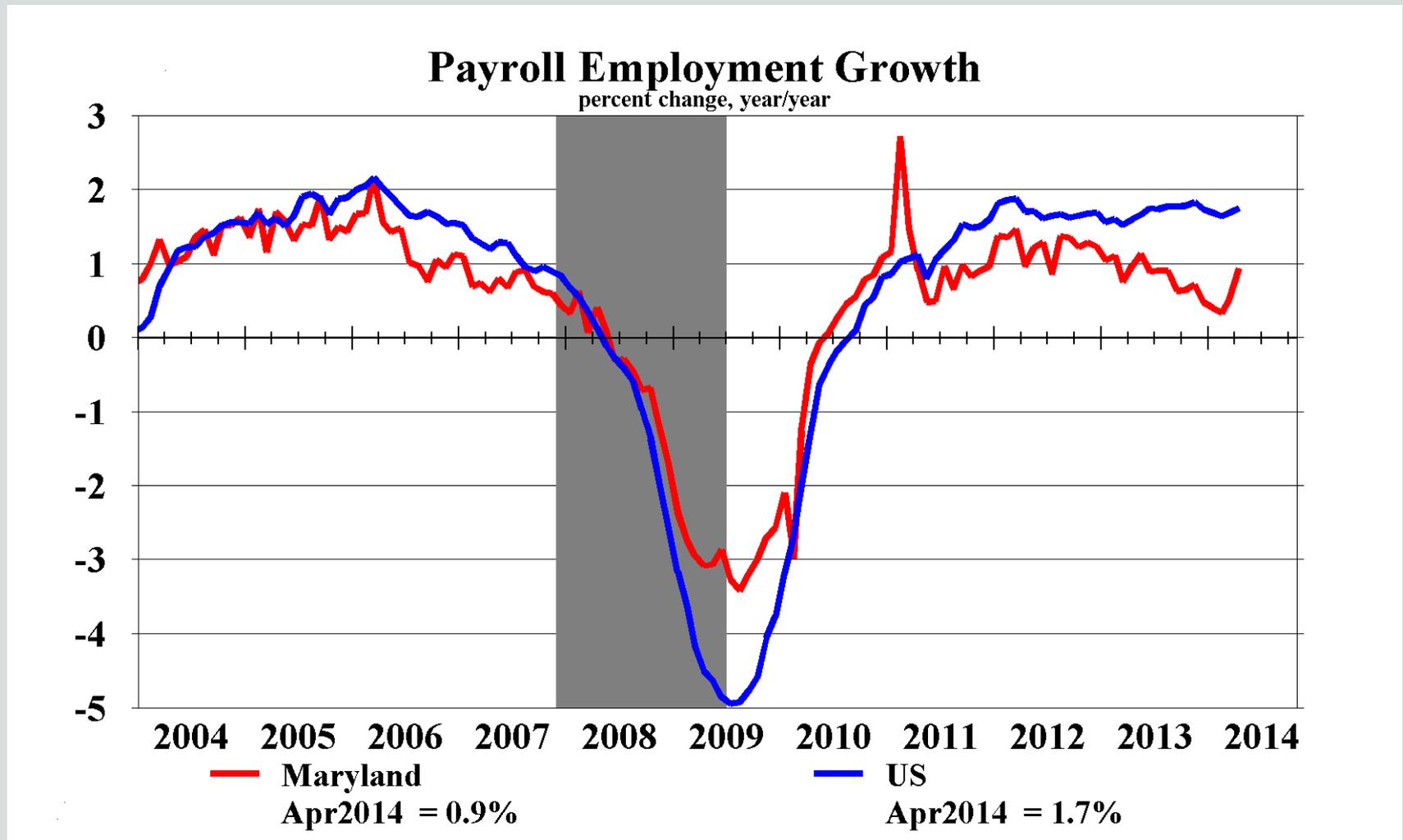
percent responding "higher" less percent responding "lower"



Modest personal income growth in recent years

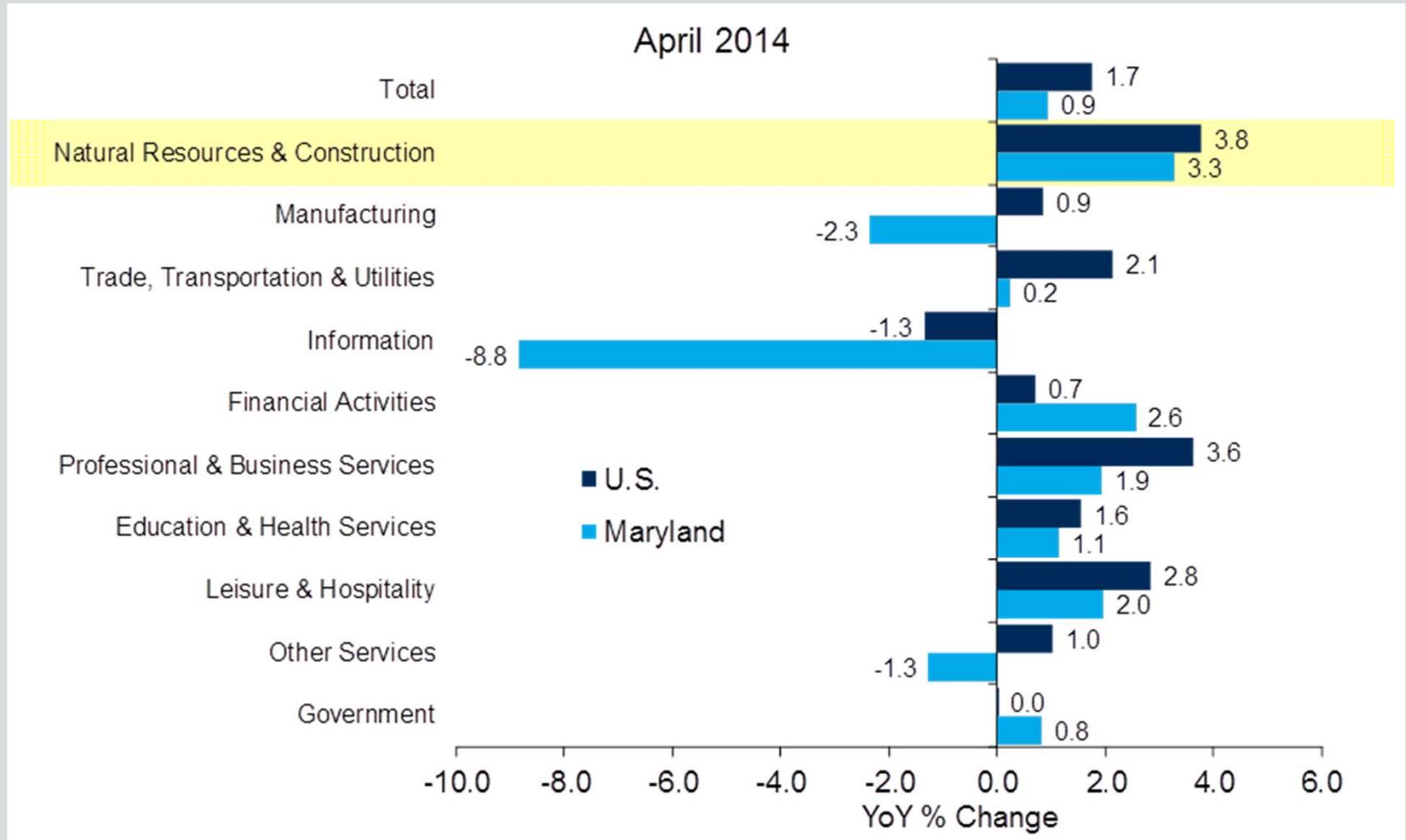


Labor market weakened in Maryland over past year



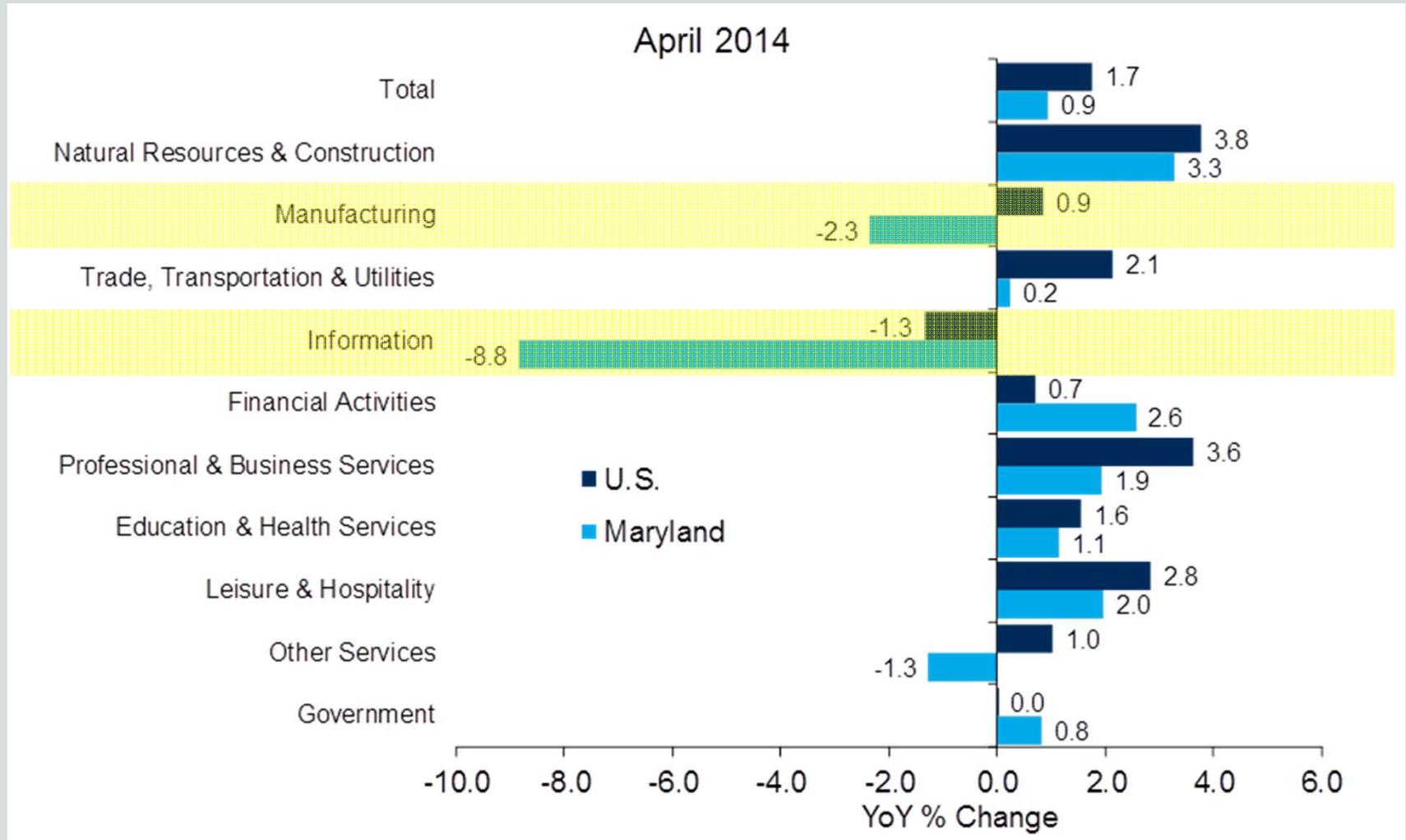
Maryland Industry Growth

Percent Change in Employment from a Year Ago, NSA



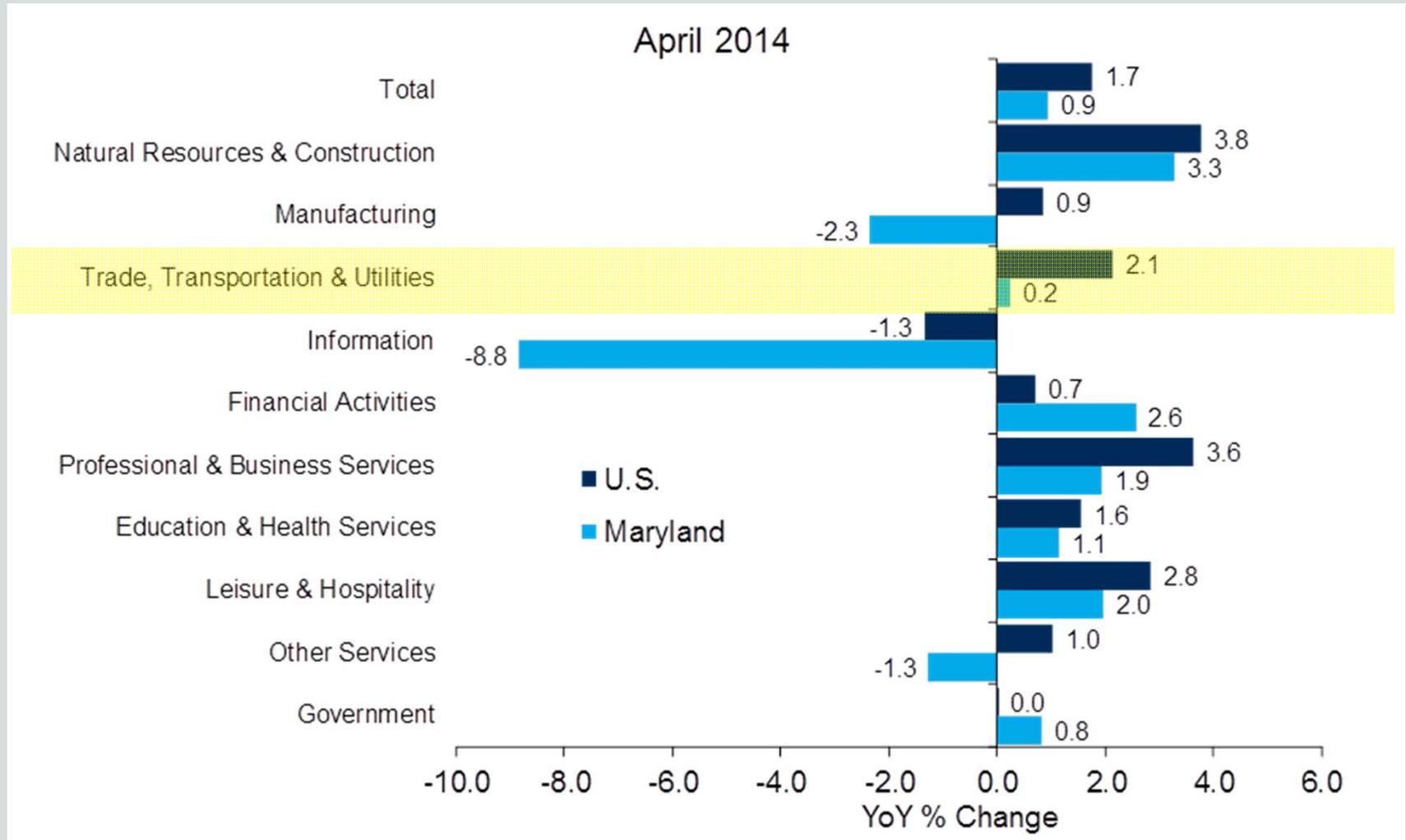
Maryland Industry Growth

Percent Change in Employment from a Year Ago, NSA



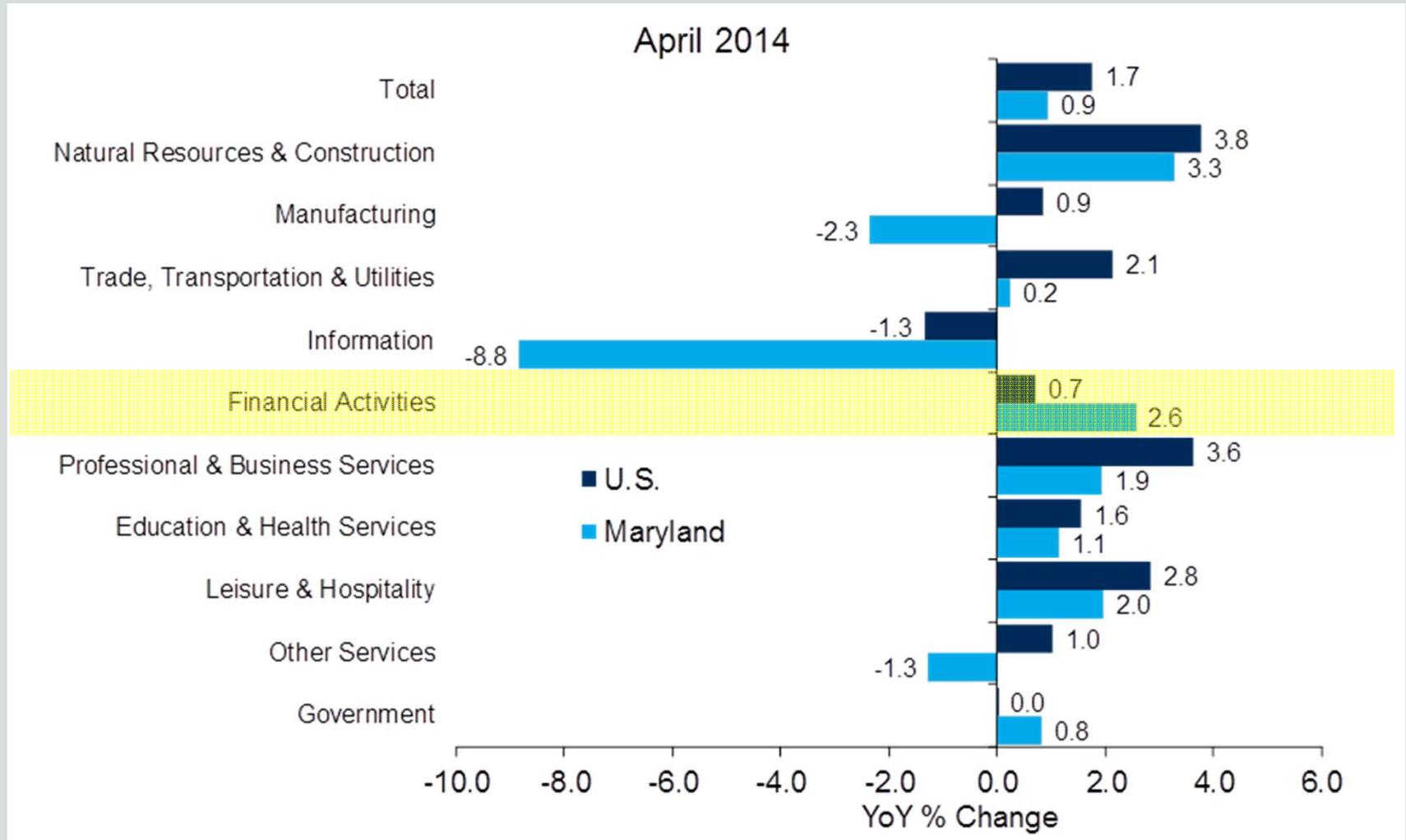
Maryland Industry Growth

Percent Change in Employment from a Year Ago, NSA



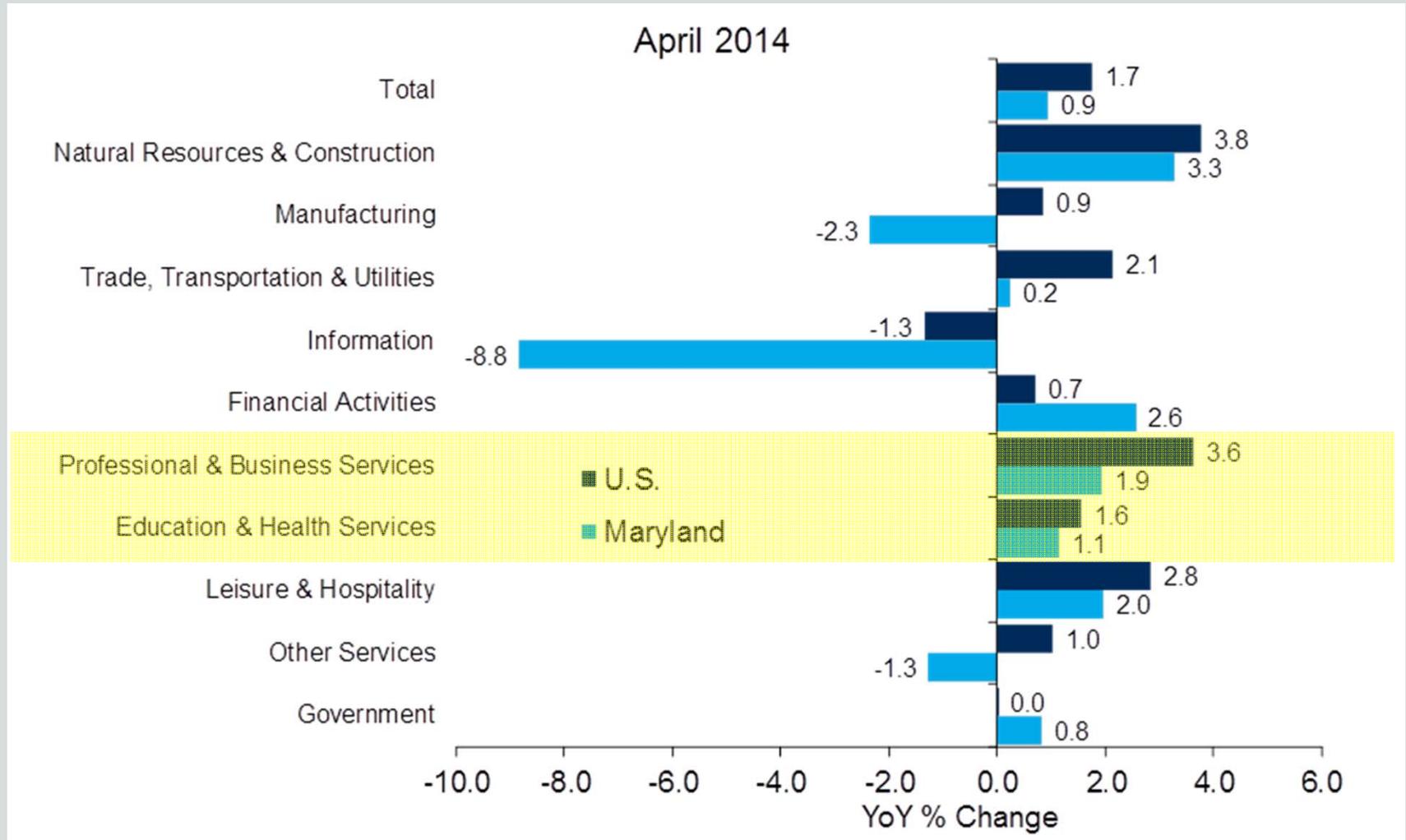
Maryland Industry Growth

Percent Change in Employment from a Year Ago, NSA

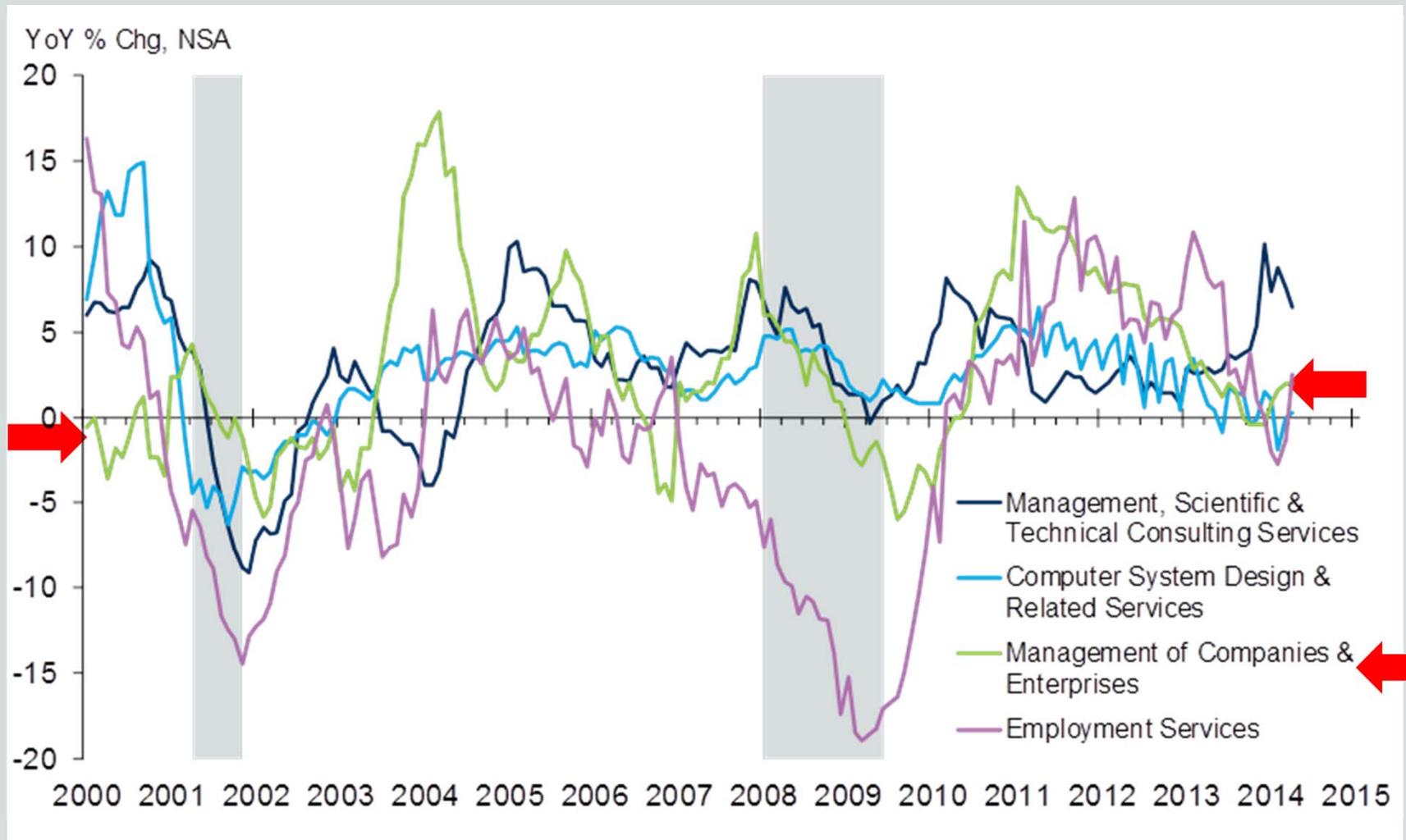


Maryland Industry Growth

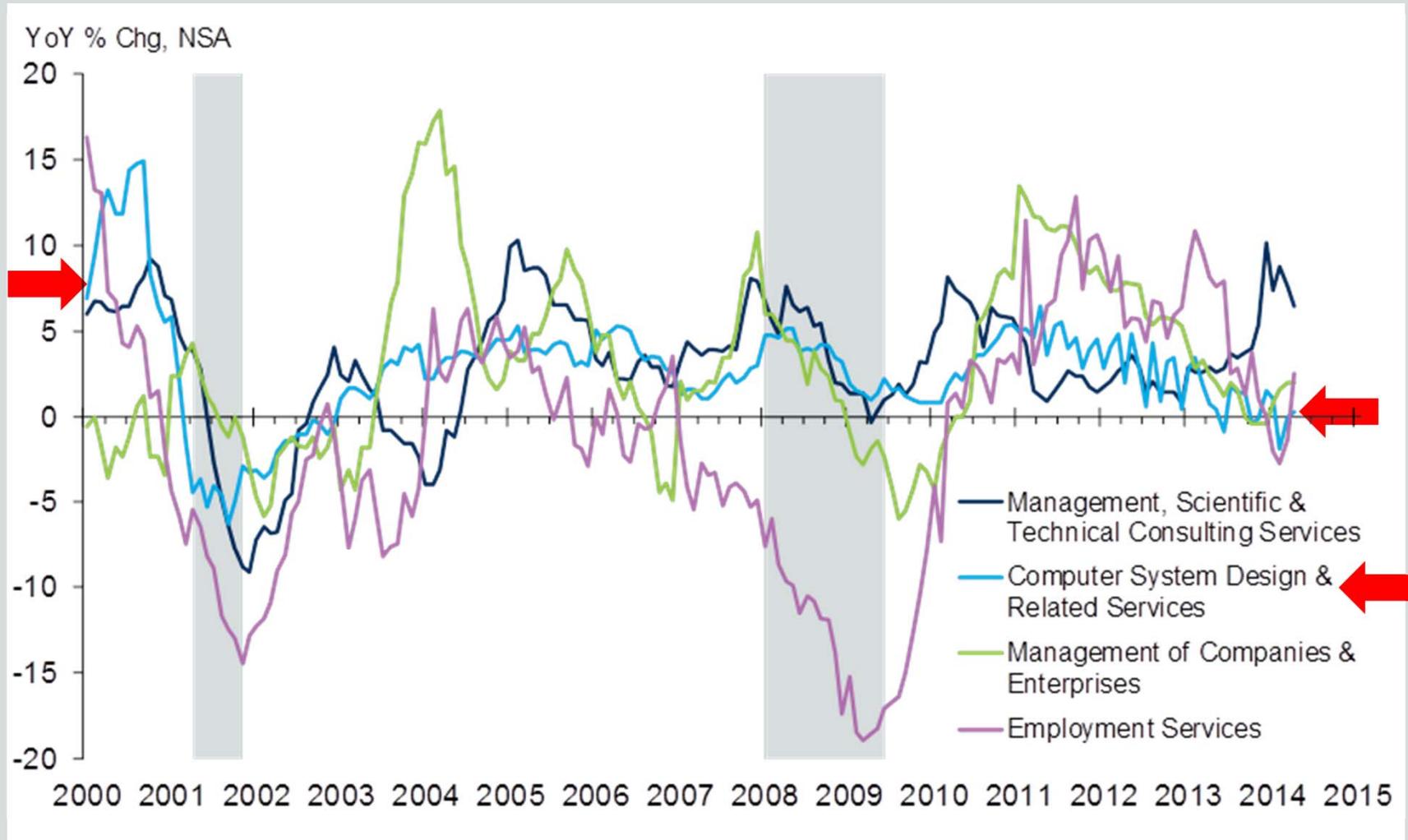
Percent Change in Employment from a Year Ago, NSA



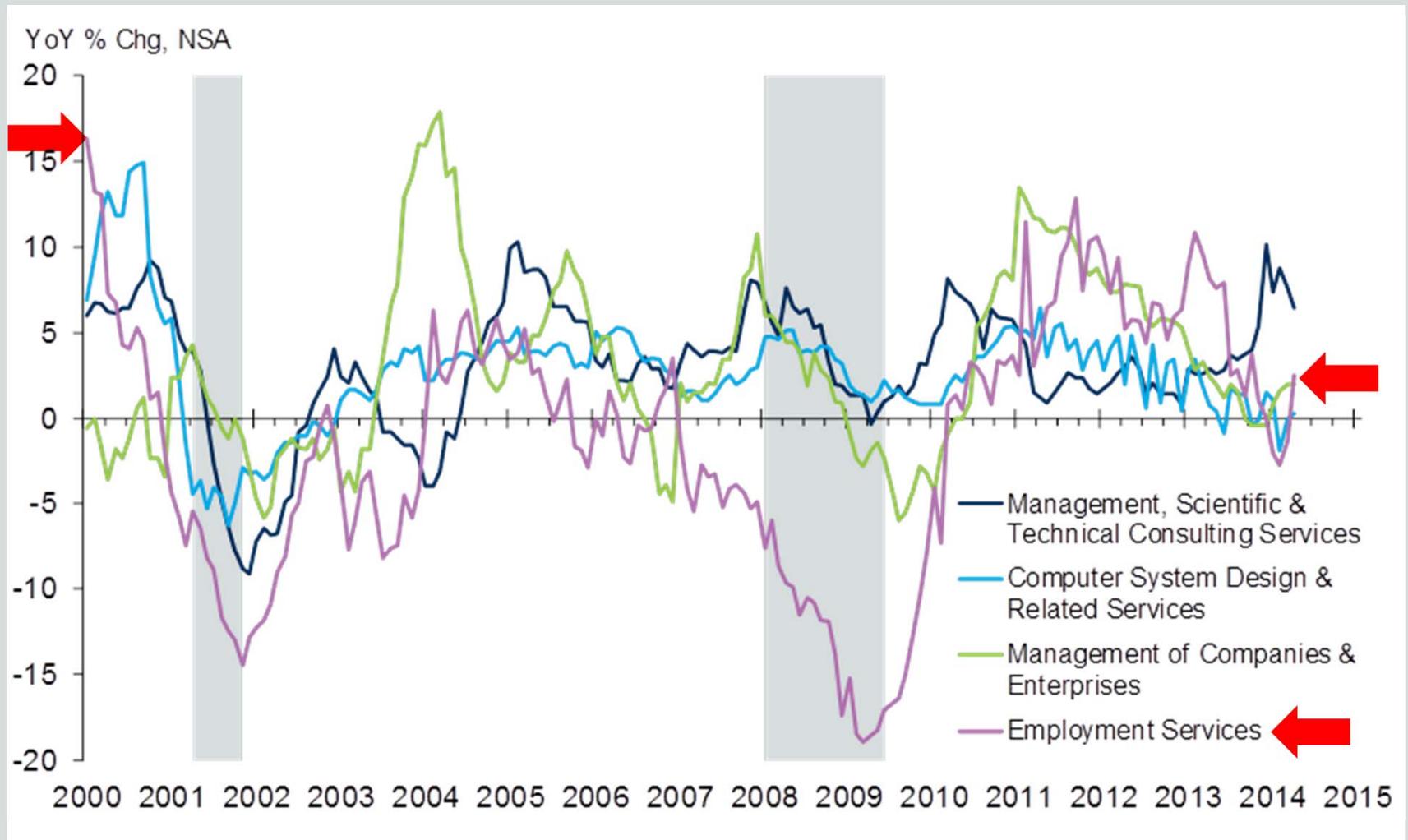
Maryland Professional & Business Services



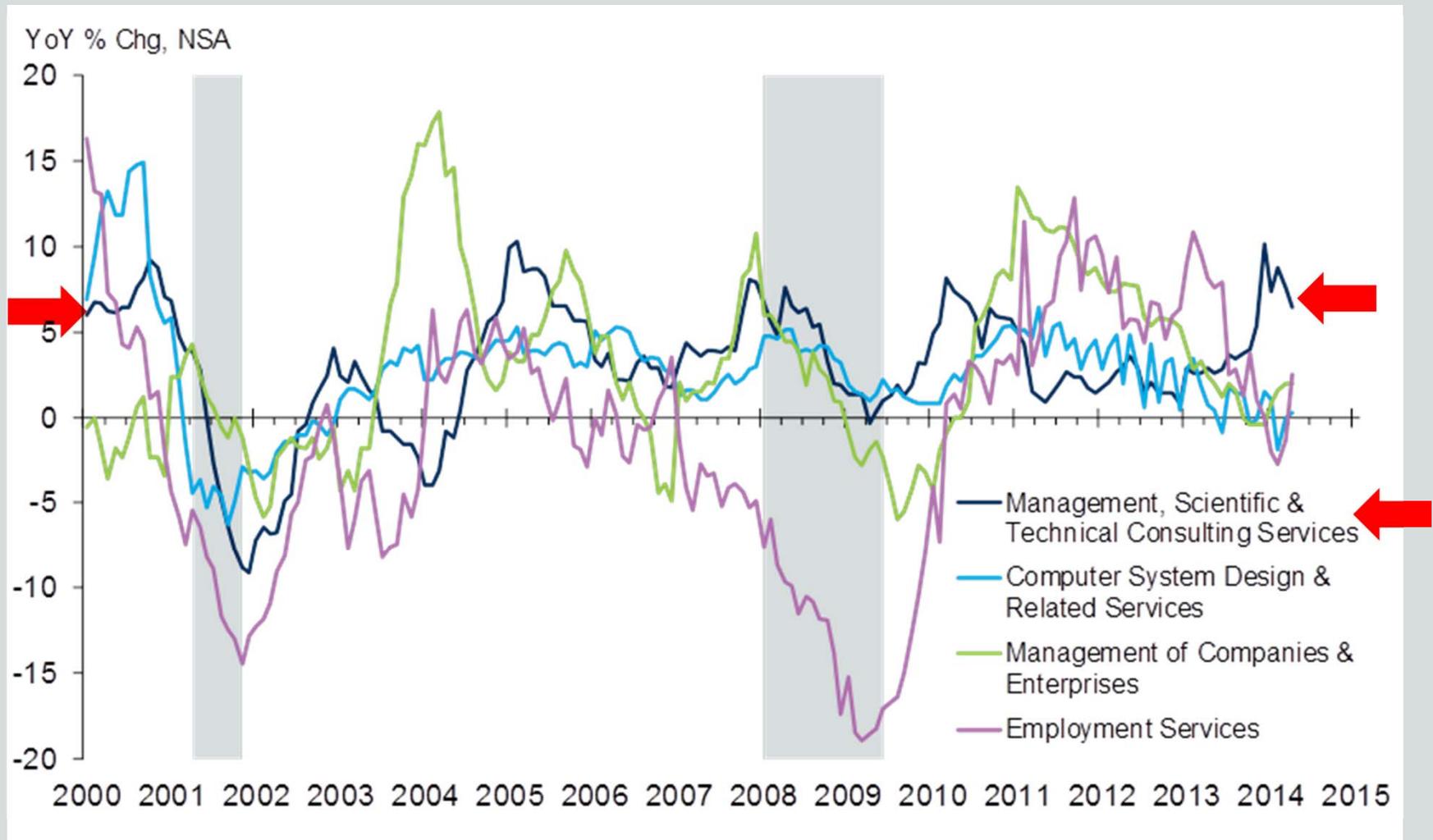
Maryland Professional & Business Services



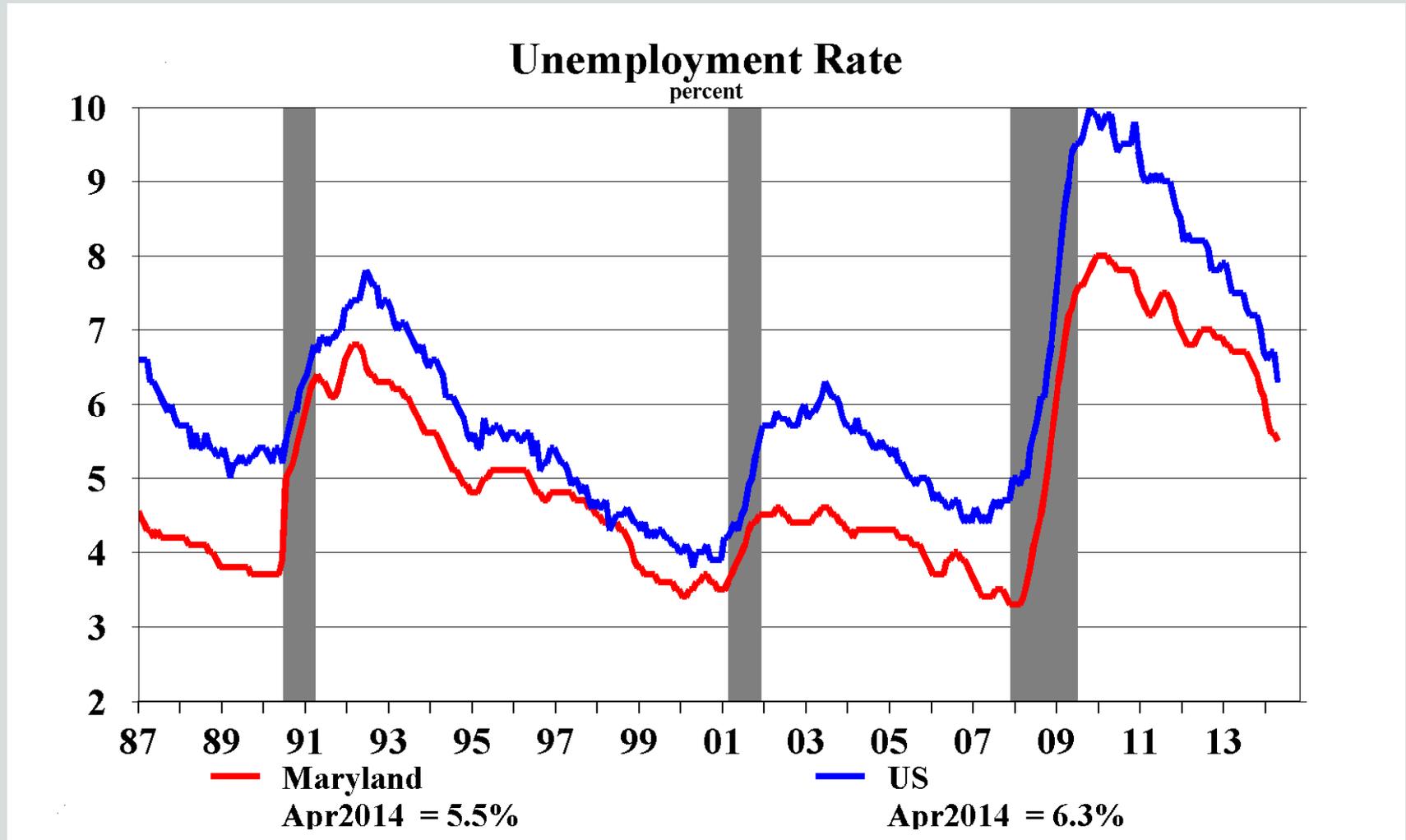
Maryland Professional & Business Services



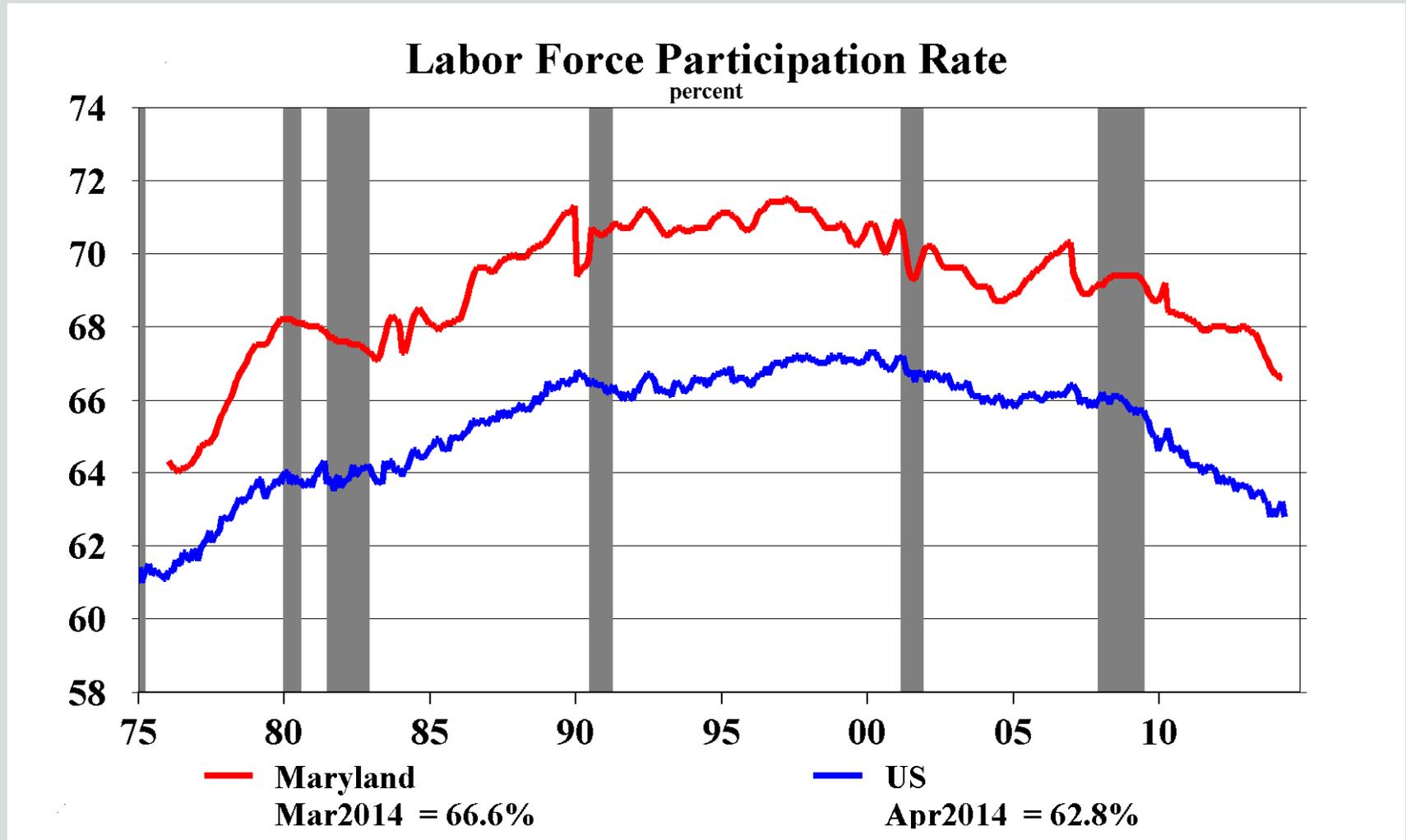
Maryland Professional & Business Services



Labor market slowly recovering



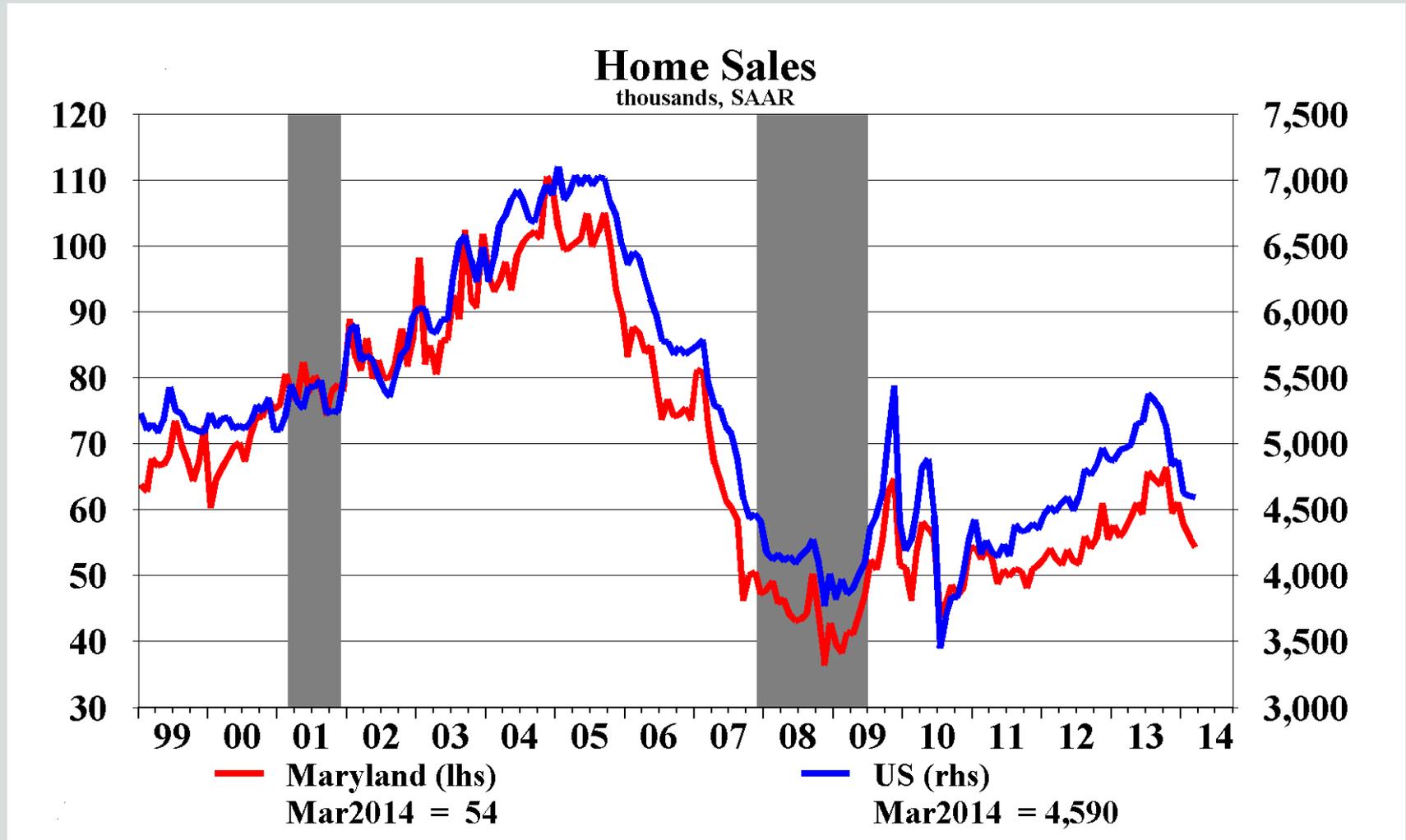
Labor market slowly recovering



Unemployment and Labor Force by County

		<u>Unemployment Rate (% , NSA)</u>		<u>Labor Force (NSA)</u>	
		<u>March 2014</u>	<u>YoY Level Change</u>	<u>March 2014</u>	<u>YoY % Change</u>
Capital Region	Frederick	5.0	-0.9	127.4	-0.9%
	Montgomery	4.5	-0.6	529.8	-0.7%
	Prince George's	6.0	-0.7	468.8	-0.6%
	Anne Arundel	5.3	-0.6	305.1	-0.4%
	Baltimore City	8.3	-1.2	273.8	-1.0%
Central Region	Baltimore County	6.1	-1.0	450.3	-0.7%
	Carroll	5.3	-0.8	94.4	-0.5%
	Harford	5.9	-1.1	138.8	-0.9%
	Howard	4.2	-0.7	175.7	-0.4%
	Caroline	7.0	-0.6	16.6	-1.9%
Eastern Shore	Cecil	7.2	-1.5	51.0	-1.0%
	Dorchester	9.0	-1.4	15.8	-2.9%
	Kent	7.1	-0.7	10.3	-2.6%
	Queen Anne's	5.6	-0.7	27.6	-0.4%
	Somerset	9.0	-1.7	10.3	-2.7%
	Talbot	6.5	-1.1	18.0	-1.9%
	Wicomico	7.7	-0.9	51.4	-1.9%
	Worcester	13.5	-1.2	25.4	-2.3%
Southern Region	Calvert	5.1	-0.5	47.8	-0.3%
	Charles	5.5	-0.7	80.7	-0.5%
	Saint Mary's	5.2	-0.7	55.8	-1.2%
Western Region	Allegany	7.2	-0.8	35.9	-0.8%
	Garrett	7.3	-1.2	16.6	-2.8%
	Washington	7.3	-0.9	69.4	-2.7%

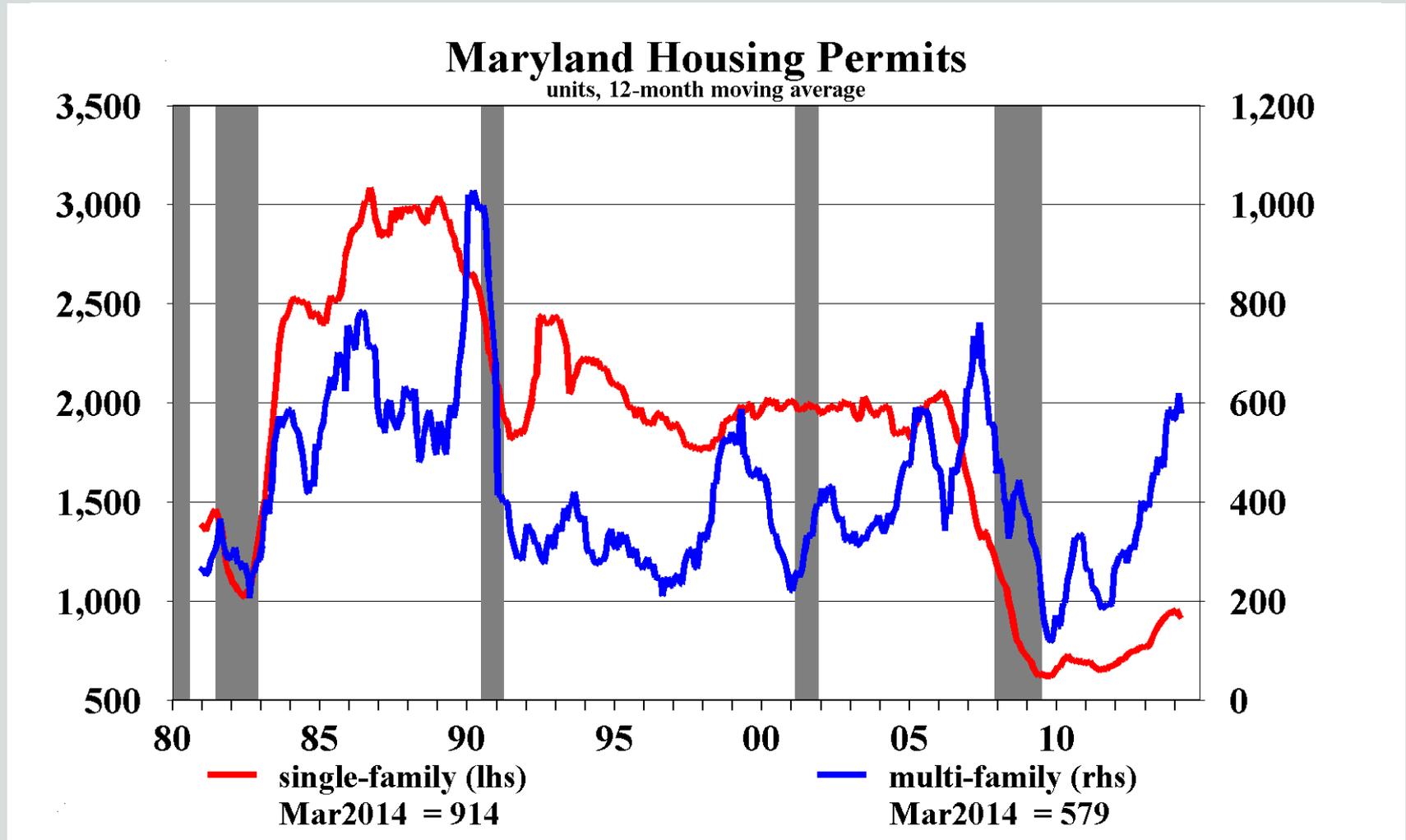
Housing market continues to improve



Housing market continues to improve

		Units Sold				Percent Change	
		2000	2005	2008	2013	'12 to '13	'00 to '13
Capital Region	Frederick	3,191	4,672	2,159	3,112	16.8	-2.5
	Montgomery	14,779	17,011	8,516	11,406	13.0	-22.8
	Prince George's	9,609	15,067	4,916	8,601	2.8	-10.5
Central Region	Anne Arundel	7,006	9,347	4,725	6,626	36.4	-5.4
	Baltimore City	6,954	11,539	5,404	6,382	19.3	-8.2
	Baltimore County	8,563	11,741	6,332	7,967	11.5	-7.0
	Carroll	1,990	2,377	1,238	1,704	10.9	-14.4
	Harford	2,720	4,103	2,321	2,678	16.4	-1.5
	Howard	4,209	4,866	2,684	3,458	10.2	-17.8
	Caroline	309	493	223	264	11.9	-14.6
Eastern Shore	Cecil	921	1,446	705	893	14.6	-3.0
	Dorchester	282	510	239	262	-7.1	-7.1
	Kent	241	295	156	211	14.1	-12.4
	Queen Anne's	667	932	356	627	17.2	-6.0
	Somerset	109	253	96	156	36.8	43.1
	Talbot	616	782	372	512	9.4	-16.9
	Wicomico	874	1,076	713	820	17.3	-6.2
	Worcester	2,199	2,163	988	1,692	14.8	-23.1
Southern Region	Calvert	1,298	1,675	705	1,103	16.7	-15.0
	Charles	1,677	3,157	1,269	1,834	19.6	9.4
	Saint Mary's	1,013	1,731	958	1,127	17.3	11.3
Western Region	Allegany	564	805	475	429	7.0	-23.9
	Garrett	445	563	319	357	11.2	-19.8
	Washington	1,252	2,254	1,041	1,335	16.6	6.6
MARYLAND		71,488	98,858	46,910	63,556	12.4	-11.1

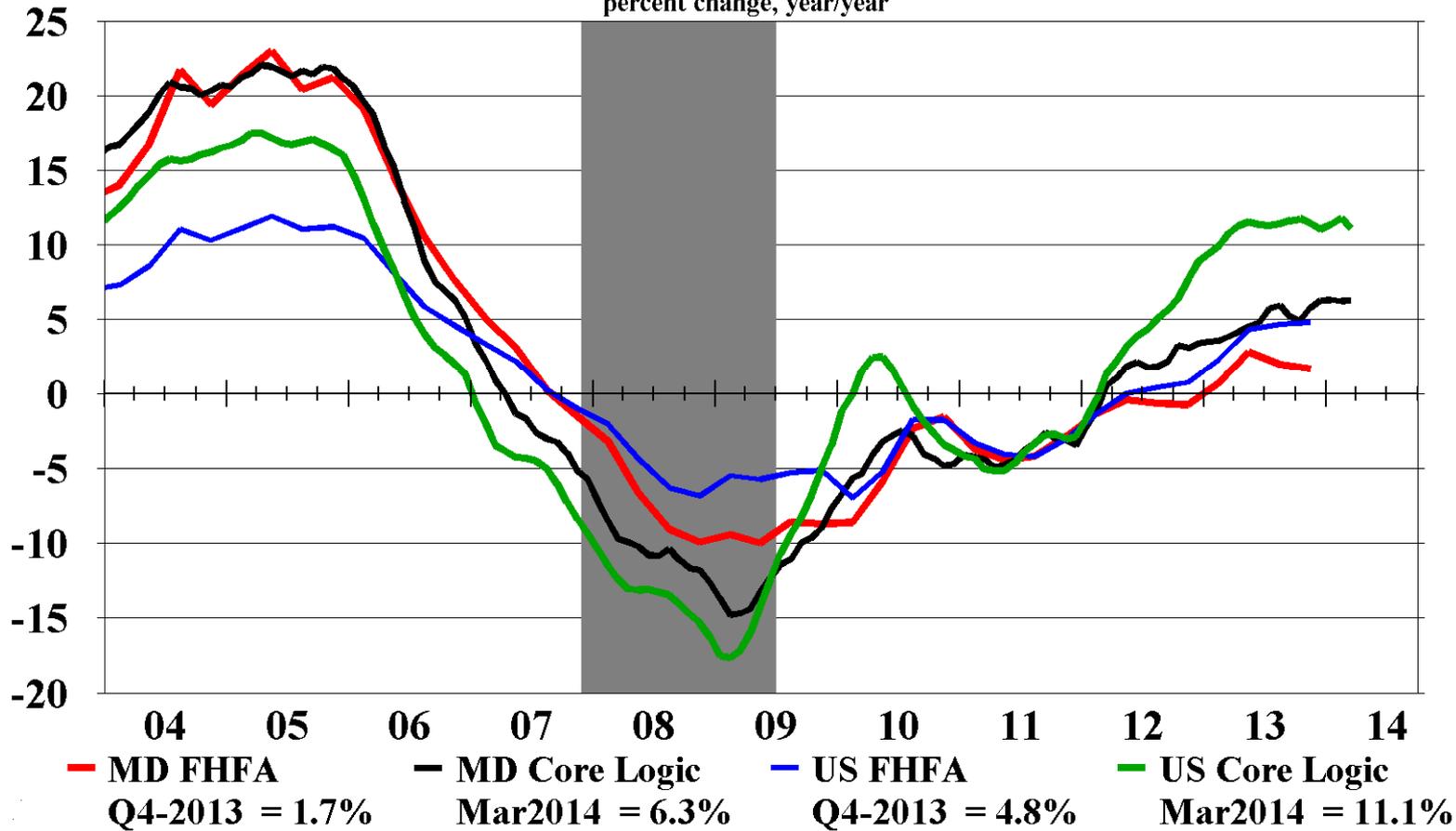
Housing market continues to improve



Housing market continues to improve

House Price Indexes

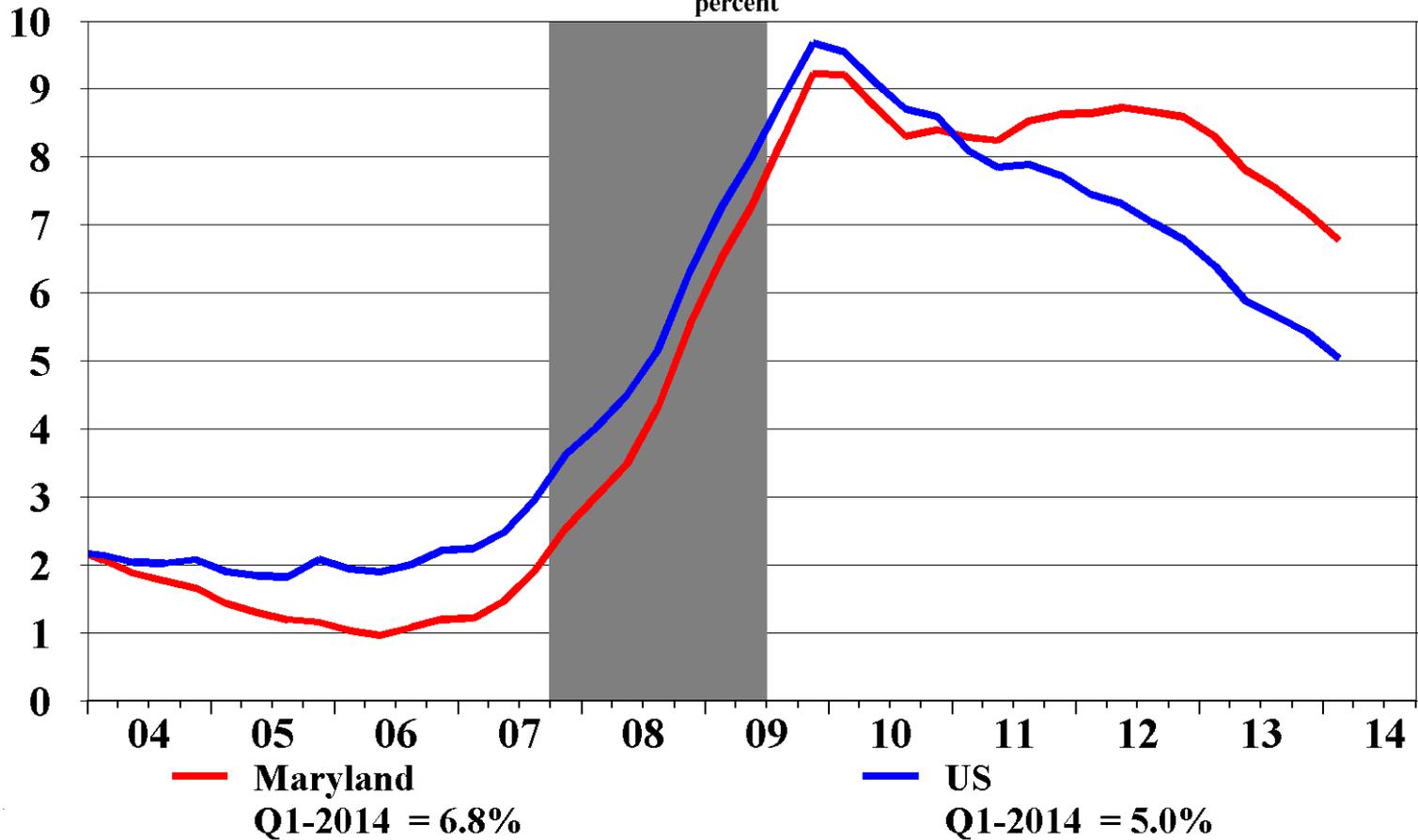
percent change, year/year



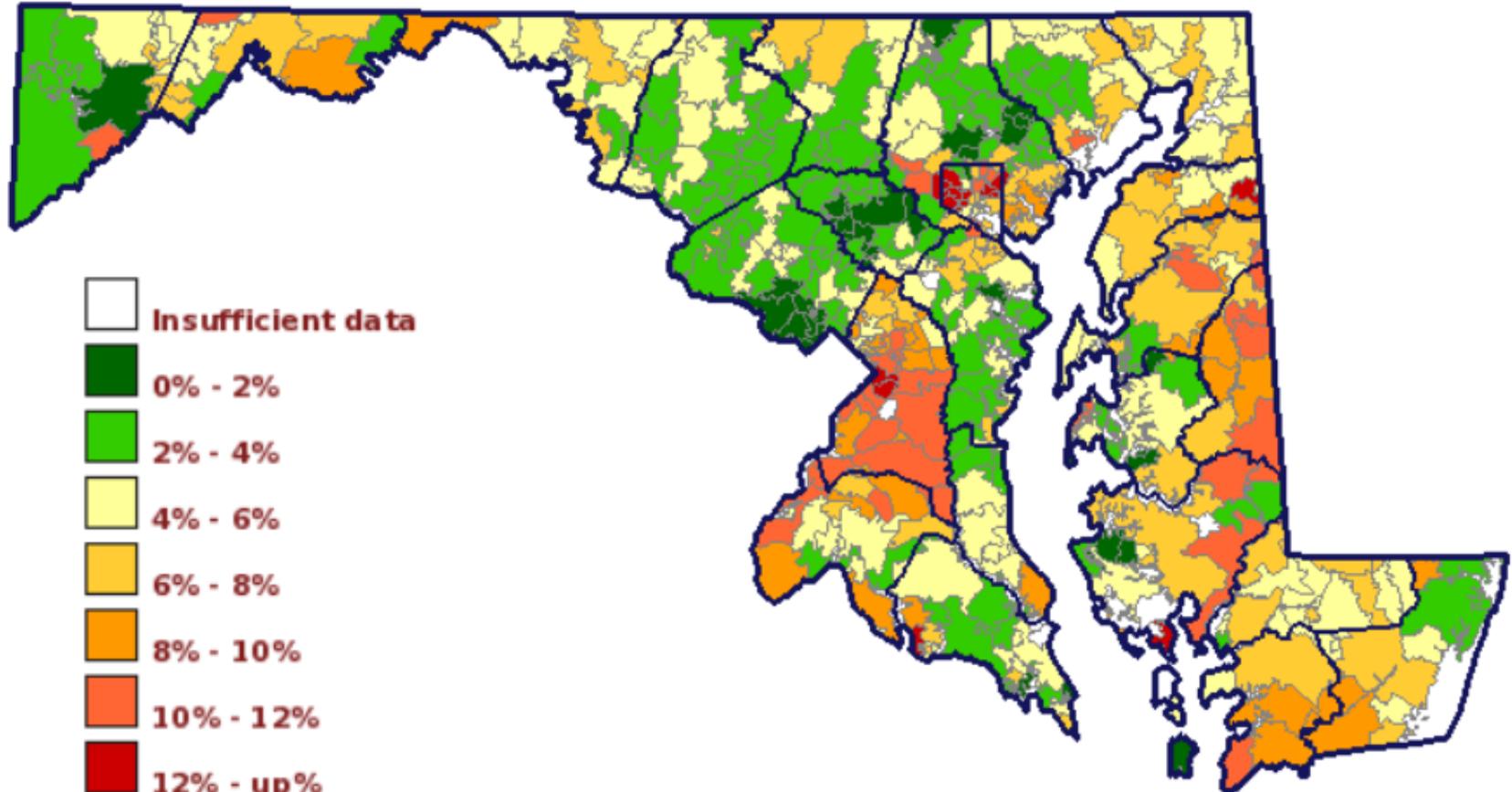
But challenges remain in the mortgage market

Serious Delinquency Rate: All Mortgages

percent

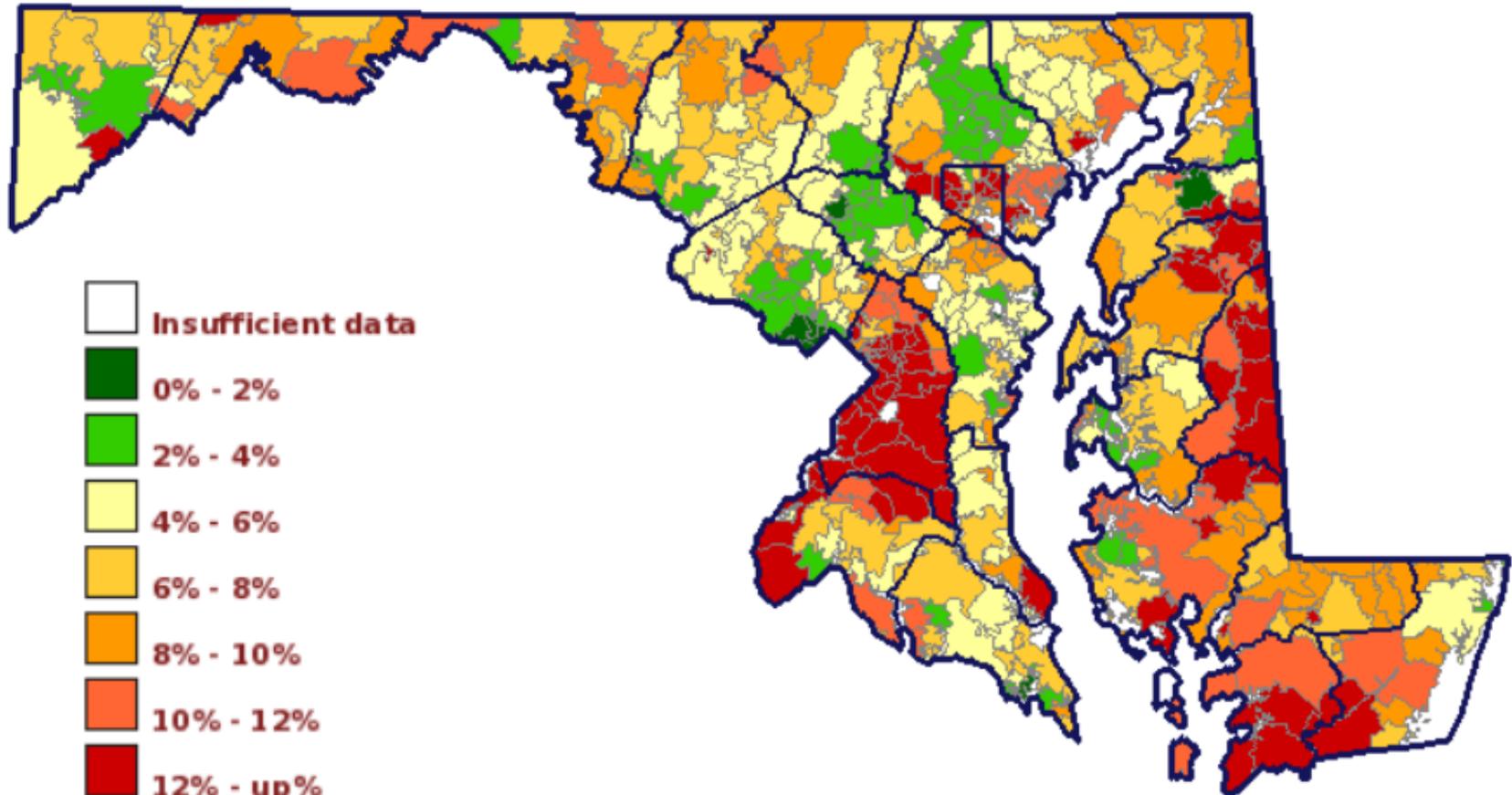


Serious Delinquency Rate (90+ Day & In Foreclosure)



March 2014

Serious Delinquency Rate (90+ Day & In Foreclosure)



March 2013

In Summary

- Expectations for moderate growth in 2014
 - A number of factors continue to restrain consumer spending & business hiring/investment
 - Housing market recovery has taken hold & set to continue
 - Job growth expected to improve & unemployment rate to edge lower
- Uncertainty remains a significant factor
 - Regulatory uncertainty—financial sector, health care, environmental
- Monetary policy continues to be very accommodative to promote economic growth and price stability



The views expressed here are those of the author, and do not necessarily represent those of the Federal Reserve Bank of Richmond or the Federal Reserve System.

